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TAGS: [ECON](#) [ELAB](#) [PGOV](#) [PREL](#) [BF](#)
SUBJECT: PM INGRAHAM'S ANNUAL ADDRESS TO THE NATION -
ECONOMIC STIMULUS PLAN TOP PRIORITY

REF: A.NASSAU 041
[1](#)B. NASSAU 064

[1](#)1. (SBU) Summary: Prime Minister Ingraham gave his annual address to the nation on January 29, presenting a hopeful message in the wake of an economic downturn that hit The Bahamas especially hard the last three months of 2008. Ingraham pointed to an increase in foreign direct investment in 2008, a moderate rise in inflation, and an economic stimulus plan focused on infrastructure projects as proof that all is not dark for the tourism-based economy of The Bahamas. In addition, the PM pledged to make The Bahamas a more appealing vacation destination by decreasing airfares, increasing flights, and launching an aggressive advertising campaign in the U.S. Ingraham cited crime and public sector performance as other important domestic issues. He focused on recent restructuring measures within the police and immigration forces as a positive sign of his administration's fight against corruption. Ingraham's focus on the economy was no surprise given the recent bout of hotel layoffs and the decline in tourism. End Summary.

I'VE GOT GOOD NEWS AND BAD NEWS

[1](#)2. (U) Prime Minister Ingraham gave his annual address to the nation on January 29, presenting a hopeful message in the wake of an economic downturn that hit The Bahamas especially hard the last three months of 2008. Ingraham noted the economic downturn in The Bahamas is a direct result of the decrease in U.S. tourists and that those events are &beyond our control.8 He instead emphasized that despite the tourism drop, the situation is not all bad news in The Bahamas. He pointed out a 7.3% increase in foreign direct investment through September 2008 and a moderate 1.8% increase in inflation compared to 2007 levels for a total rate of 4.3%. He also noted an increase of 108.8 million dollars in international reserves and a stable ratio of national debt to GDP of 42%. Despite the positives, Ingraham's message throughout his address was clear: we are facing a crisis and now is "not a time for excessive discretionary spending." He highlighted the need for the Bahamian public to take responsibility in breathing new life into the tourism sector by providing good and friendly service to every visitor to the island.

ECONOMY -- DON,T WORRY, WE HAVE A PLAN

[1](#)3. (U) Ingraham spoke at length about the GCOB's economic stimulus plan which he said will soften "the impact of the crisis without endangering our national economic welfare." The stimulus plan focuses primarily on public infrastructure and construction projects, such as the new straw market in downtown Nassau, new government office complexes and the new sports stadium that was a gift from the Chinese government

(reftel A). The Prime Minister said the goal of accelerating many of these projects is to "cushion the effect of job losses in other parts of our economy." Ingraham also mentioned an environmental clean-up project, public-private partnerships, international shipping and agriculture as other potential avenues for economic growth.

¶4. (U) The Prime Minister focused attention on the need to prepare for "the increasingly demanding expectations of modern travelers and to prepare for future tourism growth when the economy in North America rebounds." He pledged to work with the Ministry of Tourism and the private sector to make The Bahamas a more appealing vacation destination by reducing air fares, lowering or eliminating airport costs, creating additional flights into Nassau and Freeport, and launching an aggressive marketing campaign in the U.S. Ingraham also highlighted the need to continue marketing The Bahamas as an ideal locale for business conferences, pointing out that two important international conferences are already booked to take place in The Bahamas in 2009.

¶5. (U) Continuing his focus on the economy, the Prime Minister highlighted his intention to strengthen financial services, the second-biggest sector of the economy. He said "the government will continue to partner with private sector practitioners to ensure that we remain competitive and compliant with international best practices, thereby safeguarding this second pillar of our economy." In addition, he mentioned his pleasure over the upcoming launch of the Automated Clearing House system, which will require banks to credit and debit client accounts for the dollar value of checks from the date of issuance and deposit. Ingraham noted this system will increase transparency in the Bahamian financial system and as a result promote further investment in the country.

OTHER KE DOMESTIC ISSUES

¶6. (U) The Prime Minister linked the expansion of business and the overall economy with improvements in public sector performance and efficiency. He promised to continue reforms in the public service to improve customer satisfaction, in line with the "Trust Agenda" on which the FNM campaigned in the May 2007 elections. "We fully intend to work towards a new culture of excellence in the service of the Bahamian people, a culture of ethical conduct on the part of those who serve, a culture that is hostile to slackness and corrupt practices," he said.

¶7. (U) Ingraham cited a pilot program implemented from May - December 2008 in six agencies, including the Passport Office and Road Traffic Department, but devoted far more attention to improvements in the uniformed services (defense, police, immigration and customs). Recurring themes were "streamlining" and "modernizing" management in order to improve performance, whether for "reducing the fear of crime", speeding work permit processing or rationalizing customs revenue collection.

¶8. (U) Citing crime as a priority issue, the Prime Minister touted the recent police leadership restructuring (reftel B) and proposed new police legislation as measures to improve crime-fighting capabilities. He also promised improvements to the justice system through constructions of new and refurbishments of existing court facilities, and filling judicial vacancies. Before closing, the Prime Minister touched very briefly, almost perfunctorily, on the importance of improving public education and health infrastructure, without venturing specifics beyond promising a prescription drug benefit for certain chronic illnesses.

COMMENT

¶9. (SBU) Prime Minister Ingraham continues to exude calm and

steady helmsmanship even as the Bahamian economy slumps more deeply. A plainspoken leader, Ingraham reminds his listeners that given its size The Bahamas has little choice then be swept along by global currents. The same rising tide of strong U.S. growth that raised the Bahamian economy over the last decade is today a low tide. Throughout his recent speeches, Ingraham has never dwelt on blame or sounded bitter at the markets, capitalization, or the U.S. To the contrary, he prays for a speedy U.S. recovery to speed along a recovery in The Bahamas.

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